

DISPATCH

TO Chief, SR

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23

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FROM

Chief of Station, Helsinki

RECEIVED / CEMENT (AF) 1032

(AF) 1032/5 and (Grigoriy) Y. G. 1032 Contact

31 July 1959

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1. On 25 July (AF) 1032/5 contacted Costille⁰² to inform him of her latest conversation with G. LUB. G. LUB called (AF) 5 at her apartment on Thursday evening, 23 July. He had been invited there, as he is giving (AF) 5 Russian language lessons. At this time he told (AF) 5 that the American Embassy somehow had become aware of her contact with him. He stated that he had heard this through an American who in turn heard it from (V) 1032/2, and a second member of the American Embassy, Ray White, Vice-Consul. G. LUB stated that these two officials were making the inquiries on the instigation of Costille. He then asked (AF) 5 if she had heard anything of this. She said absolutely not and she didn't know how they could have found out but added, "I have never attempted to conceal my contact with you. We have been out at the movies and at restaurants in Helsinki together and could have possibly been seen by someone." She also stated to G. LUB, "My roommate (a young Finnish girl) knows I am seeing you since you phone me here." G. LUB asked (AF) 5 if she would get in trouble from this contact. She stated no, that what she did was her own personal business and of no concern to the American Embassy as she was still a free and private⁰² citizen. G. LUB mentioned that he had heard of the inquiries on (AF) 5's contact with Soviets at a reception he attended Tuesday evening, 21 July. This was the same reception Costille and (V) 1032/2 attended and was reported in (CF) 1032/6. G. LUB told her that the Americans whom he mentioned were quite upset that the American Fulbright students here were having so much social contact with Soviets. (He was also probably referring also to (AF) 3's contact with him).

2. G. LUB also continued to deride the Americans in the Embassy here. He stated that they had a bad reputation among the Finns for drinking too much. He said they couldn't hold their liquor and referred specifically to a former US official here by the name of Harry HALLAHAN who according to G. LUB had been asked to leave Finland because he was drinking too much. (There is no truth to this statement.) He also asked (AF) 5 why she thought there were so many military people in the Embassy. She said she didn't know but assumed they were here gathering information on Finnish military capabilities, as is the job of any military attache office abroad. He laughed and stated she was naive and that they were all collecting information on the Soviet Union. He also said that the Embassy here used Finland as a base for collecting information on the Soviet Union due to its proximity. He told (AF) 5 that the Embassy employed over 30 local Finns whose main job was to help in the collection effort. He stated he personally did not like this type of underhanded activity and in his opinion the BEVD and FUBAK were one and the same and both were evil. She was somewhat stunned by all these remarks and could not understand why he went into them and brought them up at this particular time. He also made one more reference to Costille. He previously had mentioned to (AF) 5 that he had social contact with Costille but did not feel that Costille was as frank in his discussions pertaining to the Soviet Union vis-a-vis the US as (AF) 5 was with G. LUB. She said that this is natural since he is an American official whose remarks could be construed as being US policy if he wasn't careful. G. LUB responded that he understood this but Costille and he had become fairly good friends and thought Costille could be a little more open. He again made reference to this on Thursday and stated, "I am a higher diplomat than Costille. I have nothing to lose from our contact (G. LUB and Costille), and if anyone has to leave Finland it will be Costille and not me."

3. G. LUB half-jokingly and

3. GULUB half-jokingly and sometimes half-seriously remarked to ⁰²AE/5 that the Americans must be extremely interested in a report of a contact between an American student and a Soviet official and that she must certainly be turning in such a report. She reported that she had told him before she has never been to the American Embassy and doubtful if anyone would be interested in their simple conversations since she was a young schoolgirl. ⁰²AE/5 told Costille that none of GULUB's remarks took an accusatory tone, and their ⁰²relationship is still extremely cordial. GULUB found it strange that ⁰²AE/5 had not been invited to any American Embassy functions or that she didn't get to know Costille better as he was a young, American bachelor. She repeated again that she had no desire to go to such receptions and that she had only met Costille once before socially.
4. We have checked with ⁰²V/2 to see if there was any truth to GULUB's statement that V/2 was making inquiries concerning the contact of American students with Soviets in Helsinki or if GULUB had mentioned anything about this at the party on Tuesday evening which V/2 also attended. V/2 stated that he had definitely heard nothing in the Embassy or from GULUB concerning this. There is a possibility that ⁰²AE/5 has been seen with GULUB by some American official, but if this were true we believe that our office would be notified as a matter of routine. ⁰²AE/5 is not known by sight by any other officer in the Embassy besides Costille and Mr. White, whom she has also met once socially. ⁰²Therefore the first conclusion we can draw from GULUB's apparent lies to ⁰²AE/5 is that he is attempting to alienate and poison ⁰²AE/5's mind against the American Embassy. We feel this is also the reason for his remarks on the intelligence activities of the entire American Embassy. ⁰²AE/502 has played the part of a somewhat naive liberal, anti-McCarthy, exponent of open diplomacy type person who by her very nature would abhor any sub-rosa, beneath the table dealings. (This is in fact partly true, as she has stated that she sometimes feels like a Dr. Jekyll and Mr. Hyde reporting on GULUB. She now realizes clandestine activities are a necessary part of formulating foreign policy, but as she stated, never realized she would ever get mixed up in such things.) GULUB has undoubtedly recognized this idealistic quality and is attempting to exploit it. This appears to be the first step in a recruitment pitch.
5. We have informed ⁰²AE/5 that there is no evidence that any American official had made inquiries re Soviet/American student contact and that this is more than likely a provocation attempt by GULUB. She has been instructed to continue seeing GULUB, as we are extremely interested in receiving her comments on him as a personality and also to find out what his next move will be. She stated that GULUB calls her at least twice a week and they either go to a movie or GULUB comes to her apartment to give her Russian language instructions. His conduct has been above reproach, and he has always been a perfect gentleman. He has never made one romantic overture to her. (This we find quite unusual, as GULUB has quite a reputation as a ladies man around Helsinki.) However, GULUB undoubtedly likes her as a person and enjoys her frankness, her outspoken nature and her intelligence. ⁰²AE/502 is also enjoying the relationship, since she is also a gregarious person, loves to debate vital issues, and as she puts it, "This is my first communist."
6. Another interesting exchange between ⁰²AE/5 and GULUB took place earlier on Saturday, 18 July. When she met GULUB, he appeared extremely depressed. When she asked him what the matter was, he stated that he had had to do something that he did not like and he felt bad mentally. He told her that he hated liars and that he found himself in the position of having to lie at least once a day. (This was just after the order had been given to return the recent escapees back to the USSR. (See ⁰²CHIA 111.) GULUB was the Soviet instrumental in their return and interviewed them in a ⁰²GALINE office after their return order had been signed. His conversation with them was in private without the benefit of ⁰²V/2 or even a microphone.) ⁰²AE/5 did not ask him what the matter was, but in her outspoken manner, said, "Therefore, the means don't justify the end, and you should quit your job." GULUB quickly responded that the means definitely did justify the end. He later revealed to ⁰²AE/5 that since his wife was gone he had been leading a fairly wild life and that the preceding weekend he had had a fairly debauched time in the country as the guest of a Finnish fur dealer. He then asked ⁰²AE/5, "You must think me an/

think me an extremely immoral person." ⁰² (AE/S) replied that a persons morals depended on whom he was with and that around her GILUB seemed to be quite a moral person. GILUB answered this by stating that when he was with her he always felt "good".

7. We would appreciate at this point having Headquarters comments as soon as possible concerning the (AE/S) contact and whether you agree that GILUB's actions indicate a possible recruitment pitch. We are not certain why GILUB made the statement about Costille's having to leave Finland, and (AE/S) did not know why he brought this up either. However, (AE/S) has stated she does not believe that GILUB is aware of her actual relationship with Costille. Costille has never been seen with (AE/S), and all contacts have been held in Costille's apartment or car. ⁰²
8. We are enclosing a PRQ II on (AE/S). ⁰²

William L. Costille

Attachment: PRQ II

Distributions:

- 2 - SA, w/att
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- 2 - (Hale), w/att

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8/17/74